Reduction in oil prices

1653. SHRI VIJAY JAWAHARLAL DARDA :
SHRIMATI SUPRIYA SULE :

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Government has not taken so far any decision in regard to reduction in fuel prices;

(b) if not, the reasons for delay;

(c) whether there has been considerable reduction in fuel prices in the world;

(d) whether fuel prices have also affected airways and railways;

(e) if so, whether Government has also appointed a Committee to consider the reduction in fuel prices; and

(f) if so, what are their recommendations and by what time final decision in this regard is likely to be taken?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA PATEL): (a) and (b) In view of the recent fall in the International oil prices, the Government has reduced prices of Petrol and Diesel by Rs. 5/- per litre and Rs. 2/- per litre respectively (at Delhi) with effect from 6.12.2008.

(c) International prices of crude oil have come down since August, 2008. The average price of Indian Basket of crude oil, which was $ 113.05 per barrel in August, 2008 has come down to $ 50.91 per barrel in November, 2008. However, the average price of Indian Basket of crude oil during the year 2008-09 (April to 10th December, 2008) is still high at $ 100.34 per barrel.

(d) The reduction in the retail selling prices of Petrol and Diesel, effective 6.12.2008, has benefited the railways. As Aviation Turbine Fuel (ATF) is a decontrolled product, the recent decline in international oil prices has led to a reduction in price of ATF, thus benefiting the aviation sector.

(e) Government has not appointed a Committee to consider a reduction in fuel prices.

(f) Does not arise in view of (e) above.

Price of CNG and PNG

1654. SHRI N.R. GOVINDARAJAR: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Government has decided to sell the gas to city distribution companies like Indraprastha Gas Limited (IGL), Mahanagar Gas Limited (MGL) at APM price of Rs.3840 per standard cubic meter;

(b) if so, the details thereof;

(c) whether it is a fact that these companies are selling CNG or PNG at a huge mark-up of Rs.22 per kg. equivalent to Rs.22,000 per standard cubic meter almost 300 per cent of the prices at which the gas is brought by these companies;

(d) if so, the details thereof; and

(e) the role of the downstream regulator in fixing natural gas prices?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA PATEL): (a) and (b) MGL is currently being supplied 1.15 to 1.4 mmscmd gas and IGL is being supplied 2 mmscmd of gas at Administered Price Mechanism (APM) rate of Rs.3840 per SCM.

(c) and (d) IGL is selling CNG at Rs.18.90 per kg. in Delhi and MGL is selling CNG at Rs.21.70 per kg in Mumbai. Apart from the basic cost of natural gas, the Companies have to account for royalty, transportation charges, overdrawl charges, service charges, octroi, operating cost, excise duty, VAT, depreciation, income tax and operating margin.

(e) The Petroleum and Natural Gas Regulatory Board does not fix the prices of natural gas, including prices of CNG and PNG.. However, the network tariff and compression charges being charged by the City Gas Distribution Companies are determined by the Board.

Supply and demand of petrol and diesel

1655.SHRIMATI T. RATNA BAI: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the supply and demand of petrol and diesel in tlie country;

(b) whether many people are facing difficulties in getting such products;

(c) if so, the details thereof and reasons therefor; and

(d) the steps being taken to improve the supply of such products according to demand?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA PATEL): (a)The demand for petroleum products is estimated by aggregating sale of products by Oil Marketing Companies (OMCs) to their dealers as well as imports by private parties. The demand for Petrol and Diesel in the country for the period April -October, 2008 is provisionally is given below:

Product	Demand (MMT)
Petrol	6.44
Diesel	29.26

The above demand was met through supply of products either through domestic production or through imports in case of deficit.

(b) and (c) There is no shortage of petrol and diesel in the country. Government had received some complaints/reports about the non-availability of diesel in various States in the period from July to October, 2008. Oil Marketing Companies (OMCs) reported that sporadic incidence of non-availability was due to a surge in demand for diesel for power generation in these States. However, the demand of all sectors including Agriculture and transport sector is fully met.